



SCHANEL & ASSOCIATES^{PC}
CERTIFIED PUBLIC ACCOUNTANTS

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January 2011

Dear Client:

Happy New Year! 2010 was a year of mixed news on the economic front. While economic growth resumed and the stock market continued a rally that began in early 2009, unemployment remained high, the deficit continued to grow, and there were few signs of a recovery in real estate. Like many of you, we are hopeful that things will continue to improve in 2011, particularly on the employment front.

In tax related news, Congress passed major tax legislation very late in the year that addressed the expiration of the "Bush tax cuts", extending the lower tax rates for two years. For more details on this legislation, we have attached our January 2011 newsletter.

As your tax advisors, we want to take this opportunity to review what we will need to prepare your 2010 tax return. As in the past, we will do our best to make the preparation of your income tax return a pleasurable and worry-free experience and make sure that your tax burden is minimized and within the guidelines of the law.

Tax Organizers: We recommend that you begin the process of gathering your tax data, including W-2s, 1099s and itemized deductions (mortgage interest, real estate taxes, contributions, etc.). In addition, you should take note of the following possible deductions:

- Sales taxes paid on purchases of vehicles
- "Energy saving" expenditures such as doors, windows, insulation, air conditioners, etc. that may qualify for a tax credit.
- Expenditures for college education

To assist you in organizing your tax information, we have distributed **tax organizers** via email as a password protected PDF attachment. If we do not have your email address and you would like to receive a tax organizer, please contact our office with your email address and we will send you an organizer immediately. The tax organizer is a great tool for making sure that you provide us with all of the information that we need to prepare an accurate, complete and competitively priced tax return.

Appointments: For those who wish to meet with a tax preparer, please contact our office at (561) 624-2118 to schedule a time. If your appointment has been prescheduled, you will find a letter enclosed that identifies the date and time of your appointment. Please contact our office if you need to change your appointment time. If you would like to send your tax documents to our office, send them to the address below along with the best way to reach you. A tax preparer will contact you if any additional information is required.

As always, we greatly appreciate your referrals of family, friends and business associates.

Documentation Requirements: We would like to remind you that certain tax deductions require specific supporting documentation. These include charitable contributions, business auto use, travel, and meals and entertainment. We do not require this documentation to prepare your tax return, but it would be needed in the event of an IRS audit. If you have any questions about this, be sure to ask your tax preparer at your appointment or call our office.

Internal Revenue Service Update:

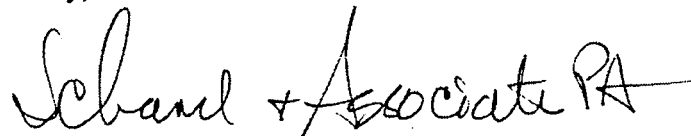
There are two important announcements from the IRS that you should be aware of:

- A new law states that tax preparers that file 100 or more Forms 1040 in a given year are required to use IRS e-file. Our firm falls into that category, and therefore, we are required to file individual returns electronically this tax season. There is an opportunity for individual taxpayers to opt out of the e-file requirement. However, it does require the completion of an additional IRS form.
- The IRS has announced that the new tax law will delay processing of 2010 returns. It will take until mid to late February before its computers will be able to process certain income tax returns. These include returns for taxpayers that itemize deductions (Schedule A) or claim “above the line” deductions for educator expenses, higher education expenses or sales taxes. Even if you are affected by this delay, we urge you to get us your tax information as soon as possible. This will enable you to file your tax return as soon as the IRS announces that they are ready to receive them.

If you have any questions, please don't hesitate to contact us. We also encourage you to regularly visit our website at www.schanelcpa.com for regular updates on taxes and other important information. In addition, if you are not receiving our monthly email, please let us know so we can include you on our mailing list.

As always, we want to thank you for your business. We value you as a client and look forward to once again serving your income tax needs.

Sincerely,

A handwritten signature in black ink that reads "Schanel + Associate PA". The signature is written in a cursive, flowing style.

Schanel & Associates, PA

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